

North Dakota

Office of State
Tax Commissioner

2000 Corporation income tax

forms and instructions



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TAX COMMISSIONER

This booklet contains:

- 2000 North Dakota Corporation Income Tax Return, Form 40
- 2000 Underpayment of Estimated North Dakota Income Tax by Corporations, Form 40-UT
- 2001 North Dakota Estimated Income Tax for Corporations, Form 40-ES

As you prepare your North Dakota corporation income tax return, please consider the following:

- **Who Must File** Any corporation engaged in business in, or having sources of income from, North Dakota must complete and file Form 40.
- **Use The Label** It is helpful to us if you use the attached peel-off address label on your return. Using the label helps us to be more efficient as we process your tax return. If it is necessary to make a correction, you can make the correction on the label.
- **Additional Assistance** If you have questions in completing your return, please refer to the inside cover page of this booklet.
- **Internet Address** You can find North Dakota tax forms, send messages, and read additional information on the Office of State Tax Commissioner's web site at www.state.nd.us/taxdpt.
- **EFT** We encourage you to use Electronic Funds Transfer (EFT) for corporate income tax payments. You will find that payment is faster and more convenient with EFT. Please check out the Office of State Tax Commissioner's web site for more information.

Check out our web site!
www.state.nd.us/taxdpt

Please remove label and attach it to your return

We're on the web

The North Dakota Office of State Tax Commissioner is on the web! Access our web site at www.state.nd.us/taxdpt to find tax forms, North Dakota Century Code and North Dakota Administrative Code, department reports and publications, as well as the latest news releases. We've also included links to other helpful web sites, department contact information, electronic filing and payment information and much more.

Special
points of
interest

Electronic payments accepted

We accept Electronic Funds Transfer (EFT) of corporate income tax payments. Any payment relating to corporate income taxes (i.e. estimated tax payments, payment with extension, payment for balance due on returns, payment for audit adjustments) can be made by EFT. No registration or prior approval is required. Simply use the correct TXP addenda layout and send the payment. Information about the correct TXP addenda layout can be found on our web site at www.state.nd.us/taxdpt. Click on the Forms & Publications button. From there, click the Corporate Income Tax button and then the Electronic Funds Transfer (EFT) button.

Renaissance zone information

The North Dakota Renaissance Zone Act ("Act"), enacted by the 1999 Legislative Assembly, authorizes a North Dakota city to apply to the state for designation of part of the city as a "renaissance zone." Property, income and financial institution tax incentives are available to taxpayers under the Act for making qualified investments in the zones. Approval of zone status and general administration of the zone is the responsibility of the North Dakota Division of Community Services. The tax incentives, other than property tax incentives, are administered by the North Dakota Office of State Tax Commissioner.

Farming or ranching question on Form 40

Only corporations currently registered as a farming or ranching corporation with the North Dakota Secretary of State should check the YES box on the front page of Form 40 in answer to the farming or ranching question.

How to reach us

Commissioner's office
(701) 328-2770

Corporate income tax
(701) 328-2046

Speech/hearing impaired
(call Relay North Dakota)
800-366-6888
(ask for 701-328-2046)

Fax
(701) 328-3700

Web site
www.state.nd.us/taxdpt

Where to file and pay

Mail to:
Office of State Tax Commissioner
State Capitol
600 East Boulevard Avenue
Bismarck, ND 58505-0599

Make check or money order payable to:
State Tax Commissioner

General instructions

Who must file

Corporations engaged in business in North Dakota or having sources of income from North Dakota must file a 2000 North Dakota Corporation Income Tax Return, Form 40.

For example, a North Dakota Form 40 must be filed by:

- Corporations, including business trusts, associations, and joint-stock companies;
- Cooperative corporations which distribute their net income through patronage dividends;
- Insurance companies which conduct business activities not subject to the North Dakota gross premium tax;
- Tax exempt organizations which have unrelated business taxable income; and
- Organizations which anticipate receiving a tax exempt status notification from the Internal Revenue Service, but have not, by the end of the taxable year, actually received such notification.

A corporation which files a Federal Form 1120S as a small business corporation must file a North Dakota Small Business Corporation Income Tax Return, Form 60.

Financial institutions (*See N.D.C.C. ch. 57-35.3*) located or doing business within North Dakota must file a North Dakota Financial Institution Tax Return, Form 35.

Due date

A calendar year corporation filing Form 40 must file on or before April 15 following the close of the calendar year.

A corporation reporting on a fiscal year basis must file on or before the 15th day of the fourth month following the close of the fiscal year. Use the 2000 Form 40 for fiscal years that begin in 2000 and end in 2001.

A cooperative must file on or before the 15th day of the ninth month following the close of the calendar or fiscal year.

Short period return

A corporation required to file a federal short period return must file a North Dakota short period return for the same taxable period. The North Dakota return is due on or before the 15th day of the fourth month following the close of the short period.

A corporation which terminates as a Subchapter S Corporation during the year, or a corporation which changes its annual accounting period, must annualize its North Dakota taxable income and prorate its state tax liability in the same manner as the federal tax liability is prorated.

Extension of time for filing

An extension of time to file a federal return is automatically accepted by North Dakota as an extension of time to file the state return. The extension of time to file the North Dakota return is the same number of months as the extension of time to file the federal return. A copy of the federal extension, Form 7004, must be attached to the state return when it is filed. If a copy of the federal extension is not attached, the return must be processed as a delinquent return.

A state extension to file may be obtained, even if a federal extension has not been requested, providing a written request is made to the Office of State Tax Commissioner prior to the due date of the North Dakota return.

If a corporation has an extension to file its North Dakota return but has not prepaid its entire state income tax liability, extension interest at the rate of 12% per annum applies. A corporation which desires to avoid extension interest may make a voluntary state payment. The payment must be accompanied by a copy of the federal extension Form 7004 indicating the appropriate name, address, and Federal Identification Number of the taxpayer corporation, or by the letter approving the state extension.

Payment of tax

If tax due (*including interest and penalty*) is less than \$5.00, payment need not be made. If tax is due, the total payment due must be paid when the return is filed. Payment may be made with check or money order, made payable to the North Dakota State Tax Commissioner.

Payment may also be made by electronic funds transfer. Simply use the correct TXP addenda layout with an electronic payment and have the payment sent to our bank. The correct TXP addenda layout can be found on the department's web site at www.state.nd.us/taxdpt, under Forms & Publications, Corporate Income Tax, Electronic Funds Transfer (EFT).

Check the box on the line under Line 21b of Form 40, page 1, and fill in the date of the payment.

Attachments

A complete copy of the federal income tax return as filed with the Internal Revenue Service must be attached with Form 40.

Overpayments

Overpayments of income tax may be applied to the 2001 estimated tax (*minimum \$5.00*), or issued as a refund (*minimum \$5.00*).

A corporation may elect to have the overpayment credited to a 2001 estimated tax installment by circling the appropriate quarter on Form 40, page 1, line 22a.

Penalty and interest

The Office of State Tax Commissioner will notify the taxpayer of any penalty and interest owed on tax due and any interest accrued on a refund. If desired, penalty and interest may be computed on tax due and entered on the return by the taxpayer.

If the full amount of the tax is not paid by the due date, the current provisions for penalty and interest are:

- A penalty equal to 5% of the tax due or \$5.00, whichever is greater; and
- Interest computed at the rate of 1% per month (*or a fraction of a month*) of the tax due except the month in which the tax became due.

If the return is not filed by the due date (*or extended due date*), a penalty of 5% of the net tax liability or \$5.00, whichever is greater, applies for the month in which the return is due, with an additional 5% for each additional month (*or a fraction of a month*) during which the delinquency continues, not to exceed 25% of the net tax liability.

If there is an overpayment on Form 40, page 1, interest at the rate of 1% per month accrues on the overpayment beginning forty-five days after the due date of the return (*without extension*) or after the date the return is filed, whichever date is later.

Incomplete return

All applicable lines on Form 40 must be completed. A return with incomplete lines or schedules, or with notations such as "see attached statement" or "available upon audit," is not properly filed and will be returned to the taxpayer.

Where to file or obtain additional forms and instructions

Completed returns and written requests for information and forms should be mailed to the Office of State Tax Commissioner, State Capitol, 600 E. Boulevard Ave., Bismarck, ND 58505-0599.

Obtain North Dakota tax forms, send messages, and find other information on the Office of State Tax Commissioner's web site at www.state.nd.us/taxdpt.

Forms and instructions may also be obtained by calling 701-328-2046.

For the speech or hearing impaired, call Relay North Dakota at 1-800-366-6888 and ask for 1-701-328-2046.

Information at the source

Any corporation doing business in North Dakota which is required to file a Federal Form W-2 or 1099 must also file one with this state. For more information on the requirements and alternatives for satisfying those requirements, contact the Office of State Tax Commissioner.

Quick refund

A quick refund of overpaid estimated income tax may be requested by a corporation if the overpayment exceeds five hundred dollars (\$500) and the claim for quick refund is filed after the close of the taxable year but before the 15th day of the fourth month thereafter.

The form for the Quick Refund Of Estimated Income Tax For Corporations (*Form 40-QR*) must be obtained from the Office of State Tax Commissioner.

Estimated tax payments

If a corporation's estimated state income tax liability exceeds five thousand dollars (\$5,000) and its previous year's state income tax liability exceeded five thousand dollars (\$5,000), the corporation is required to make an estimated tax payment of at least one-fourth of the amount due on each of four prescribed dates.

Information regarding estimated tax payments is located at the back of this booklet.

Amended returns/federal audit changes

An Amended North Dakota Corporation Income Tax Return, Form 40X, must be filed if:

- An amended federal income tax return is filed;
- North Dakota income is changed as a result of a federal audit;
- A corporation's North Dakota income is changed as a result of a North Dakota net operating loss carryback;
- An error is discovered on a previously filed return;
- The corporation receives a refund of federal income tax which was deducted on a previously filed Form 40.

Information about amended returns can be found in N.D.C.C. §§ 57-38-38 and 57-38-40.

A current Form 40X and instructions can be obtained from the Office of State Tax Commissioner's web site at www.state.nd.us/taxdpt.

Federalization

The North Dakota income tax law is perpetually "federalized" for the Federal Taxable Income starting point of the North Dakota Return, for taxable years beginning after December 31, 1988.

Method of corporation taxation

The North Dakota corporation income tax applies only to that portion of a corporation's taxable income which is derived from or attributable to sources within this state.

A nonapportioning corporation, i.e. a corporation whose business activity is conducted solely within North Dakota, computes North Dakota taxable income by adjusting its federal taxable income by North Dakota statutory adjustments.

An apportioning corporation, i.e. a corporation whose business activity is conducted both within and without North Dakota, computes North Dakota taxable income by adjusting its federal taxable income by North Dakota statutory adjustments and apportioning this adjusted taxable income using Schedule FACT, FACT-1, or CR (*Part II*) of Form 40.

A corporation engaged in a unitary business with one or more corporations (*irrespective of the country or countries in which the corporations conduct business*) must file using the combined report method.

A unitary business is a group of corporations which carries on activities, the component parts of which transfer value among themselves through the unities of ownership, operation and use.

- "Unity of ownership" means the group is under the common control of a single corporation, which is also a member of the group. Control exists when the single corporation owns, directly or indirectly, more than fifty percent of the voting stock of another corporation;
- "Unity of operation" means the group receives benefits from functional integration or economies of scale;
- "Unity of use" means the group of corporations contributes to or receives benefits from centralized management and policy formation.

Whether a group of corporations is engaged in a unitary business depends on the facts and circumstances of each case. If unity of ownership exists, any of the following facts or circumstances creates a presumption that the unities of operation and use exist; therefore, the corporations are engaged in a unitary business if:

- All activities of the group are in the same general line or type of business;
- The activities of the group constitute different steps in a vertically structured enterprise; or
- The group is characterized by centralized management.

Water's edge election

A corporation required to file its North Dakota return using the worldwide unitary combined report method may elect to use the water's edge method. The water's edge election must be made on the return as originally filed and is binding for five consecutive years. If the election is made, a corporation may not reduce taxable income by a federal income tax deduction.

A domestic disclosure spreadsheet must be obtained from and filed with the Office of State Tax Commissioner the first year the property, payroll, or sales in foreign countries exceed ten million dollars and total assets exceed two hundred fifty million dollars, and every third year thereafter provided the property, payroll, or sales in foreign countries exceed ten million dollars and total assets exceed two hundred fifty million dollars.

Specific instructions for Form 40, Page 1

Line 1 Income

Check the box for the reporting method used to complete the return and enter the income reportable under that method:

a. Single Corporate Entity

The single corporate entity method reports income or loss of only one incorporated business.

If the single corporate entity method is used for both North Dakota and federal purposes, enter the federal taxable income from:

- Federal Form 1120, line 30; or
- Federal Form 1120-A, line 26.

If the single corporate entity method is used for North Dakota purposes and the corporation is included in a consolidated Federal Form 1120, enter the corporation's federal taxable income before consolidating adjustments/eliminations from:

- A pro forma separate company federal income tax return, line 30; or
- The schedule showing gross income and deductions, which supports the consolidated federal taxable income.

Cooperatives and other business organizations using federal forms other than Federal Form 1120 must enter the federal taxable income from the appropriate form.

b. Combined Report Method

The combined report method is used if the corporation apportions its income from a unitary group of corporations.

This method reports income or loss of all unitary corporations in the unitary group. (See *N.D. Admin. Code ch. 81-03-05.3*)

If the combined report method is used, enter the amount from the completed North Dakota Schedule WW, line 13.

b1. 100% North Dakota Corporations Consolidated Return Using the Combined Report Method

Check the "100% North Dakota Consolidated Return" box **if the corporation is required** to file one consolidated North Dakota return using the combined report method.

Two or more corporations **are required** to file one North Dakota return using the combined report method if the corporations are affiliated as parent and subsidiary, are filing a consolidated federal tax return, and all corporations are operating solely within North Dakota.

If the box entitled "100% North Dakota Consolidated Return" is checked:

- Enter the amount from the completed North Dakota Schedule WW, line 13, and attach the completed schedule to Form 40; and
- Complete North Dakota Schedule CR, parts I through IV, and attach the completed schedule to Form 40.

b2. Apportioning Corporation Consolidated Return Using the Combined Report Method

Check the "Apportioning Corp Consolidated Return" box if the corporation is filing one consolidated North Dakota return using the combined report method.

Two or more corporations **may** file one North Dakota return using the consolidated return if the corporations are required to use the combined report method and more than one of the corporations has a filing requirement in North Dakota.

If the box entitled "Apportioning Corp Consolidated Return" is checked:

- Enter the amount from the completed North Dakota Schedule WW, line 13, and attach the completed schedule to Form 40; and
- Complete North Dakota Schedule CR, parts I through IV, and attach the completed schedule to Form 40.

c. Water's Edge Method

Check the "Water's Edge Method" box if the corporation is a member of a worldwide unitary group and elects to file a North Dakota return using the water's edge method. (See *N.D. Admin. Code ch. 81-03-05.2*)

If the box entitled "Water's Edge Method" is checked, enter the amount from the completed North Dakota Schedule WE, line 11, and attach the completed schedule to Form 40.

If the corporation elects to use the water's edge method and is filing a consolidated North Dakota return, complete Schedule CR, parts I, II and IV, and attach the completed schedule to Form 40.

d. Other

Check the "Other" box if the corporation has received written permission from the Office of State Tax Commissioner to file a North Dakota return using a filing method other than those specified above.

Other filing methods are contained in N.D.C.C. § 57-38.1-18 (for example, separate accounting or a method using an apportionment factor different from that computed on Schedules FACT, FACT-1 or CR).

If the box entitled "Other" is checked, attach a copy of the letter granting permission to use, or requiring the use of,

this filing method and a worksheet substantiating and explaining the computation of income. Enter the total income from this worksheet on line 1.

Line 4

North Dakota apportionable income

If completing Schedule CR, enter the amount from Form 40, page 1, line 4 on Schedule CR, part I, line 4 (*enter the same amount for each company*) and complete all parts of Schedule CR.

Line 5

Apportionment factor

If a corporation has business income (See *N.D.C.C. ch. 57-38.1*) from activity solely within this state, enter 1.000000 on this line. Corporations not filing a consolidated return, enter the apportionment factor from Schedule FACT, line 14 or Schedule FACT-1, line 6. Corporations completing Schedule CR, must enter the apportionment factor from Schedule CR, part II, line 14a.

Line 7

Income allocated to North Dakota

Enter nonbusiness income allocated to North Dakota less related expenses. Nonbusiness income is allocated to North Dakota if the income is attributable to North Dakota.

Expenses must be attributed to nonbusiness income in a manner which fairly distributes all of the corporation's expenses to its various types of income.

Corporations completing Schedule CR must enter the total nonbusiness income for all corporations having activity within North Dakota.

Line 9

Federal tax deduction

Corporations completing Schedule FTD, enter amount from line 17.

Corporations electing water's edge method, enter zero on this line.

Corporations completing Schedule CR, enter the amount from Schedule CR, part III, line 17a.

Line 10

Exemption for new and expanding business

If the corporation received a new and expanding business exemption from the State Board of Equalization, enter the amount of exempt income computed pursuant to N.D. Admin. Code § 81-03-01.1-06.

Corporations completing Schedule CR, enter the exempt income for each corporation having activity within North Dakota.

Line 11

Renaissance zone income exemption(s)

If the corporation is claiming exempt income as a result of the Renaissance Zone Act, enter amount from Schedule RZ, Part 6, line 3. Contact the Office of State Tax Commissioner at 701-328-2046 to obtain Schedule RZ.

Line 12

ND income after federal tax deduction and income exemptions

If the amount on line 12 is a loss, the loss may be carried back and carried forward for the same number of years as a federal loss of like-kind.

Election to forego loss carryback

However, regardless of the corporation's treatment of a federal net operating loss, the corporation may elect to forego the allowable carryback period and carry forward the entire state loss. To elect to forego the carryback period for a North Dakota loss, check the box in Question 10 on page 2 of Form 40. A corporation must make this election on an original return that is timely filed for the year in which the loss was incurred.

If an election is not made, the loss must be carried back.

Additional information regarding loss carryback and loss carryforward provisions is contained in N.D.C.C. § 57-38-01.3(3) and N.D. Admin. Code § 81-03-05.1-07.

Line 13

North Dakota loss carryforward

The North Dakota loss carryforward allowed on the 2000 Form 40 is the amount of the accumulated loss less any previously deducted loss carryback or carryforward.

Attach a worksheet showing the accumulated loss, by year, less any previously deducted loss carryback or carryforward.

Corporations completing Schedule CR must enter the loss carryforward from all corporations having activity within North Dakota.

Line 15

Recapture of federal alternative minimum tax

Corporations completing Schedule AMT-R, enter amount from line 11.

Corporations completing Schedule CR, enter the amount from Schedule CR, part IV, line 11a.

Line 16

North Dakota taxable income

If the return reports a North Dakota loss on Form 40, page 1, line 12, or a North Dakota loss carryforward on Form 40, page 1, line 13, please complete lines 14-17. Always complete line 16 by subtracting the amount on line 15 from the amount on line 14.

Line 20

Tax year 2000 estimated income tax payments

Enter the total 2000 estimated income tax payments submitted with Form 40-ES. Also, enter any 1999 overpayment credited to the 2000 taxable year and any payment voluntarily made to the state with an extension of time for filing.

Line 21a

Interest and penalty for balance due

The Office of State Tax Commissioner will notify the taxpayer of any penalty and interest owed on tax due. If desired, penalty and interest may be computed on tax due and entered on the return by the taxpayer.

If the full amount of the tax is not paid by the due date, the current provisions for penalty and interest are:

- A penalty equal to 5% of the tax due or \$5.00, whichever is greater; and
- Interest computed at the rate of 1% per month (*or a fraction of a month*), of the tax due except the month in which the tax became due.

If the return is not filed by the due date (*or extended due date*), a penalty of 5% of the net tax liability or \$5.00, whichever is greater, applies for the month in which the return is due, with an additional 5% for each additional month (*or a fraction of a month*) during which the delinquency continues, not to exceed 25% of the net tax liability.

Line 22a**Amount to be credited to year 2001**

A corporation may elect to have the overpayment credited to a 2001 estimated tax installment by circling the appropriate quarter on Form 40, page 1, line 22a to specify the particular installment to which the amount credited is to be applied.

Specific instructions for Schedule SA

North Dakota statutory adjustments must be made on a basis consistent with the filing method indicated on page 1, line 1.

Additions**Line 3****All taxes measured by income deducted to arrive at federal taxable income**

Enter all taxes measured by income, including income taxes, franchise or privilege taxes measured by income (*paid to any taxing authority including a foreign country*) to the extent such taxes were deducted to arrive at federal taxable income.

Line 4**North Dakota depreciation adjustment**

North Dakota income tax statutes did not allow for the use of ACRS depreciation on assets placed in service between January 1, 1981 and the end of the 1982 tax year. These assets must be depreciated using methods allowed under the Internal Revenue Code provisions in effect as of December 31, 1980. Federal taxable income must be adjusted for the difference in these two methods. Enter the amount of ACRS depreciation deducted on the federal return for these assets for the current taxable year.

Include depreciation on all currently held assets which were placed in service between January 1, 1981 and the end of the 1982 tax year, **not** just such assets which are located within North Dakota.

In computing this adjustment, exclude safe harbor lease assets.

Line 6**Other additions**

The safe harbor lease provisions in Section 168(f)(8) of the Internal Revenue

Code of 1954, as amended, were not adopted in North Dakota in those instances where the minimum investment by the lessor is less than one hundred percent (100%). Enter amounts on line 6, as follows:

- Seller/Lessee: sale proceeds, rent expense, amortization expense, lease acquisition cost.
- Buyer/Lessor: interest expense, depreciation expense, amortization expense, acquisition cost, loss on sale of property.

Additional information regarding this adjustment is contained in N.D.C.C. § 57-38-01(3)(a).

Subtractions**Line 8****Tax refunds received in year 2000**

Enter all income, franchise or privilege tax refunds received in 2000, to the extent such taxes were previously included in North Dakota taxable income.

Federal income tax refunds received cannot be included on line 8. See General instructions, Amended returns/federal audit changes.

Line 10**North Dakota depreciation adjustment**

Enter the amount of depreciation computed for the current taxable year on assets placed in service between January 1, 1981 and the end of the 1982 tax year, using methods allowable as of December 31, 1980. (*See instructions for line 4 for further explanation*).

Include depreciation on all currently held assets which were placed in service between January 1, 1981 and the end of the 1982 tax year, **not** just such assets which are located within North Dakota.

In computing this adjustment, exclude safe harbor lease assets.

Lines 11 and 12**Allocated income and related expenses**

Enter on line 11 all nonbusiness income and enter related expenses on line 12. The method used to attribute expenses to nonbusiness income must fairly distribute all of the corporation's deductions to all of its various types of income.

If an entry is made on this line, all of the following must be attached to Form 40:

- A worksheet showing each type of income or loss item allocated and its amount;
- Documentation showing the state to which the item of income or loss was allocated (*a copy of the other state's tax return is preferred*); and
- A narrative explaining the reasons for allocating each item of income or loss.

Line 15**North Dakota domestic dividend exclusion**

Dividends received by the corporation are not taxable in North Dakota if the dividends are received from a corporation which has paid North Dakota corporation income tax pursuant to N.D.C.C. ch. 57-38, or from a bank, trust company or building and loan association which has paid tax pursuant to N.D.C.C. ch. 57-35.3.

If the payor corporation's entire federal taxable income was subjected to North Dakota taxation, the full amount of the dividends may be subtracted on this line. If the payor corporation is an apportioning corporation, the deduction is computed by multiplying the dividends received by the payor corporation's North Dakota apportionment factor.

Line 16**Other subtractions**

If the amount on Form 40, page 1, line 1 includes any gain, either ordinary or capital, from property subjected to eminent domain sale or transfer, such gain is not taxable and must be entered on this line.

Section 168(f)(8) of the Internal Revenue Code of 1954, as amended, was not adopted in North Dakota in those instances where the minimum investment by the lessor is less than one hundred percent (100%). Enter amounts as follows:

- Seller/Lessee: interest income and depreciation expense [*for assets placed in service between January 1, 1981 and the end of the 1982 taxable year, use methods allowed under the Internal Revenue Code as of December 30, 1980; for assets placed in service after the 1982 taxable year, use ACRS depreciation*].
- Buyer/Lessor: rental income.

Specific instructions for Schedule FTD

Use the line instructions that apply to the filing method box that is checked on Form 40, page 1, line 1.

Corporations filing a consolidated North Dakota return must complete Schedule CR, Part III (*do not complete Schedule FTD*) and refer to the instructions below for the "Combined Report Method."

a. Single Corporate Entity

A corporation filing as a single corporate entity for **both** North Dakota and federal purposes must complete lines 1, 1a, 1b, 4, 5, 6, 7, 8, 9, 10, 11 and 17.

A corporation filing as a single corporate entity for North Dakota purposes **and** included in a consolidated Federal Form 1120 must complete lines 1-11 and 17.

Line 1

Federal income tax liability

Enter the federal income tax liability from the federal income tax return filed with the IRS as follows:

- If Federal Form 1120 was used, enter the amount from line 31;
- If Federal Form 1120-A was used, enter the amount from line 27.

Cooperatives or other business organizations using federal forms other than Federal Form 1120 must enter the federal tax liability from the appropriate form.

Line 1a

Federal alternative minimum tax liability

Enter the amount of Federal Alternative Minimum Tax (AMT) which has been included on line 1. Federal AMT is disallowed in computing the North Dakota Federal Income Tax Deduction because income which created federal AMT is not a part of North Dakota taxable income.

Disallowed federal AMT may be recaptured in future tax periods.

For more information see Schedule AMT-R.

Line 2

Separate company(ies) federal income tax liability

Enter the federal income tax liability as computed on the corporation's pro forma separate company return. Attach a worksheet supporting this computation.

Line 3

Profit companies federal income tax liability

Enter the total federal income tax liability for all corporations included in the consolidated federal return with each corporation's federal income tax liability computed on a pro forma separate company return. The separate company tax liability of any corporation which does not result in a positive tax liability shall be zero. Attach a worksheet supporting this computation.

Line 4

Ratio

Enter 1.000000 if filing as a single corporate entity for both North Dakota and federal purposes.

Line 6

Federal taxable income

Enter the amount from Form 40, line 1.

Line 7

Income not taxed to North Dakota

Enter the income (*before apportionment*) included on line 6 not taxable to North Dakota, such as interest on U.S. obligations and income allocated outside North Dakota.

Line 11

North Dakota apportionment factor

Enter the apportionment factor from Form 40, line 5, and proceed to line 17.

b. Combined Report Method

The following line instructions apply to a corporation which files a North Dakota return using the combined report method.

The following line instructions also apply to Schedule CR, part III for those corporations filing a consolidated return and not electing the water's edge method.

If a corporation tax return includes income from more than one federal tax return, a separate pro forma Schedule FTD must be completed for each corporation that filed a federal tax return.

The amounts on lines 1, 1a, 1b, 5, 6, and 10 from the separate pro forma Schedule FTD's must be aggregated and the totals entered on the appropriate lines on the corporation's Form 40.

Line 1

Federal income tax liability

Enter the federal income tax liability from the federal income tax return filed with the IRS as follows:

- If Federal Form 1120 was used, enter amount from line 31;
- If Federal Form 1120-A was used, enter the amount from line 27.

Cooperatives or other business organizations using federal forms other than Federal Form 1120 must enter the federal tax liability from the appropriate form.

Line 1a

Federal alternative minimum tax liability

Enter the amount of Federal Alternative Minimum Tax (AMT) which has been included on line 1. Federal AMT is disallowed in computing the North Dakota Federal Income Tax Deduction because income which created federal AMT is not a part of North Dakota taxable income.

Disallowed federal AMT is carried forward and may be recaptured in future tax periods. For more information see Schedule AMT-R.

Do not complete lines 2 and 3, and enter 1.000000 on line 4 if:

- A consolidated federal return is not filed; or
- A consolidated federal return is filed in which all companies included in the consolidated federal return are included in the unitary group.

Line 2

Separate company(ies) federal income tax liability

Enter the separate company pro forma federal income tax liability for all of the unitary corporations which are included in the consolidated federal return. The separate company tax liability of any corporation which does not result in a positive tax liability shall be zero. Attach a worksheet supporting this computation.

Line 3**Profit companies federal income tax liability**

Enter the total pro forma separate company federal income tax liabilities for all corporations included in the consolidated federal return. The separate company tax liability of any corporation which does not result in a positive tax liability shall be zero. Attach a worksheet supporting this computation.

1. Federal taxable income (Schedule FTD, line 6)
2. Total additions (page 1, line 2)
3. Total subtractions (page 1, line 3)
4. Subtotal (Add lines 1 and 2, subtract line 3)
5. Net intercompany adjustments in lines 2 & 3
6. Total income (Subtract line 5 from line 4. Enter here and on Schedule FTD, line 13, or Schedule CR, Part III, line 13)

The recapture of federal AMT disallowed in prior period(s) is used to reduce the current year's North Dakota income on Form 40, page 1 or part I of North Dakota Schedule CR (for corporations filing a consolidated state return.)

Any portion of the disallowed federal AMT remaining after 2000 may be carried forward and used to reduce North Dakota income in future years when a federal credit for prior year minimum tax is claimed.

For specific line instructions, see Schedule AMT-R, or Schedule CR, part IV (for corporations filing a consolidated state return.)

Line 6**Federal taxable income**

Enter the total federal taxable income for all unitary corporations whose income is included in the Federal Form 1120. Attach a worksheet supporting this computation.

Line 14**Income relating to Foreign Tax Credit**

Enter the total taxable income from sources without the U.S., after loss recapture as computed on Federal Form(s) 1118, part II, Schedule B or Federal Form(s) 5735.

Line 7**Income not taxable to North Dakota**

Enter the income (before apportionment) included on line 6 not taxable to North Dakota, such as interest on U.S. obligations and income allocated outside North Dakota.

Line 11**North Dakota apportionment factor**

If a foreign tax credit is not claimed on the federal income tax return, enter the apportionment factor from Form 40, page 1, line 5, and proceed to line 17.

Corporations filing a consolidated state return enter the factors from Schedule CR, part II, line 14 on Schedule CR, part III, line 11.

If a foreign tax credit is claimed on the federal income tax return, skip line 11 and go to line 12.

c. Water's Edge Method

A corporation electing the water's edge method **cannot** claim a federal income tax deduction. Do not complete Schedule FTD and enter zero on Form 40, page 1, line 9.

d. Other

A corporation which has checked the box entitled "Other" on Form 40, line 1, should contact the Office of State Tax Commissioner for specific instructions. Based on the instructions from the Office of State Tax Commissioner, attach a worksheet supporting the computations.

Specific instructions for Schedule TC

Lines 1 and 2**Contributions to nonprofit private colleges and high schools**

Tax credits are available for making contributions to qualifying nonprofit private institutions of secondary and higher education located in North Dakota (including the North Dakota Independent College Fund). Contributions do not qualify unless they are made directly to, or are specially designated for the exclusive use of, a qualifying institution. A contribution to an account, fund or entity benefiting both qualifying and nonqualifying institutions does not qualify for the credit. The credits are available if the contribution(s) are made by the due date of this return, including extensions.

The tax credit for contributions made to all eligible schools in **each** category of institution is equal to the lesser of:

- 50% of the contributions but not to exceed 20% of the total tax liability;
- \$2,500.

Enter on line 1 the tax credit computed for contributions to nonprofit private institutions of higher education (and the North Dakota Independent College Fund) and enter on line 2 the tax credit computed for contributions to nonprofit private institutions of secondary education.

For each contribution, attach a copy of a receipt from the nonprofit private institution or a cancelled check (front and back).

Specific instructions for Schedule AMT-R

Corporations filing a consolidated state return and checking box b1 or b2 on Form 40, line 1, must complete Schedule CR, part IV (do not complete Schedule AMT-R.)

North Dakota Schedule AMT-R is used to compute the recapture and carryforward of Federal Alternative Minimum Tax (AMT) which has been disallowed. Federal AMT may be recaptured only if:

- A federal credit for prior year minimum tax is claimed; and
- The recapture does not create or increase a North Dakota net operating loss.

Line 3**Venture Capital Corporation credit**

A corporation may be entitled to a tax credit for investments made in a North Dakota venture capital corporation. The credit is limited to 25% of the amount invested or \$250,000, whichever is less. If the amount of the credit exceeds the corporation's state tax liability for that taxable year, the credit may be carried forward for up to seven years.

The corporation income tax credit for investments made in a North Dakota venture capital corporation is **NOT** allowed for investments made after February 28, 1991 in a venture capital corporation organized before January 1, 1989 which invested in a business or an affiliate of a business that owned tax-exempt securities.

A copy of the Venture Capital Corporation Investment Reporting Form must be attached to Form 40 in the initial year the tax credit is claimed.

For additional information regarding this credit, contact the Office of State Tax Commissioner.

Line 4**North Dakota Small Business Investment Company credit**

If the corporation made a qualifying investment in the North Dakota Small Business Investment Company, enter 25% of the amount invested. If the credit exceeds the amount of the current tax liability, the excess may be carried forward up to seven years.

Attach a copy of the North Dakota SBIC Investment Reporting Form.

For additional information regarding this credit, contact the Office of State Tax Commissioner.

Line 5**Geothermal, solar or wind energy device credit**

North Dakota law provides a tax credit to a corporation which purchases a geothermal, solar, or wind energy device in North Dakota. The tax credit is allowed

for three years and is computed at 5% of the actual cost of acquisition and installation of the device. Attach a worksheet substantiating date of purchase, actual cost of acquisition and installation, and computation of the tax credit.

Line 6**Credit for employing the developmentally disabled or chronically mentally ill**

A corporation may claim a tax credit for a portion of North Dakota wages paid to a developmentally disabled or chronically mentally ill employee. The tax credit is 5% of up to \$6,000 in wages paid to each such employee during the first twelve months of employment. The credit may not exceed 50% of the total tax liability. Only North Dakota wages actually paid during the taxable year may be considered for the tax credit. If this credit is claimed, attach an affidavit listing the amount of wages paid, the name, and the social security number of each employee.

Line 7**Research and experimental expenditures credit**

A corporation which invests in research and experimental expenditures within North Dakota is entitled to a tax credit. The tax credit is determined by subtracting the base period research expenses (*as defined in Section 26 U.S.C. 41(c) of the Internal Revenue Code of 1986, as amended*) which are applicable to North Dakota from the qualified research expenses made in North Dakota, and applying the following rates to the resulting difference:

- 8% on the first \$1,500,000;
- 4% on the excess over \$1,500,000.

If the tax credit exceeds the current income tax liability, any unused tax credit may be carried back for three years and then carried forward for up to fifteen years.

Line 8**New industry credit**

A corporation which has been incorporated in North Dakota for the first

time after January 1, 1969, and which is not the result of a business reorganization or acquisition, or any out-of-state corporation that has received a certificate of authority to transact business in North Dakota for the first time after January 1, 1969, may be entitled to a tax credit. This tax credit is available only for new enterprises engaged in assembling, fabricating, manufacturing, mixing, or processing any agricultural, mineral, or manufactured products or any combination thereof. However, a corporation which is receiving any property tax or income tax exemption allowed by N.D.C.C. chs. 40-57 or 40-57.1 shall not be allowed this credit.

The tax credit is computed as a percentage of the annual gross amount expended by the corporation for salaries and wages within North Dakota. The following percentages apply:

- 1% for each of the first three taxable years a corporation qualifies for the tax credit;
- .5% for each of the fourth and fifth taxable years a corporation qualifies for the credit.

Attach a worksheet substantiating date of incorporation or initial authority to transact business in this State, annual gross amount of salaries and wages within this State and type of business activity.

Line 9**Credit for payment to a certified nonprofit development corporation**

A tax credit is available to a corporation which invests in a certified nonprofit development corporation. The maximum tax credit allowed is 25% of the total investment, not to exceed \$2,000. Any unused credit may be carried forward for up to seven years.

Line 10**Renaissance zone credits**

If a corporation is claiming a tax credit as a result of the Renaissance Zone Act, enter amount from Schedule RZ, Part 6, line 7. Contact the Office of State Tax Commissioner for Schedule RZ.

North Dakota Corporation Income Tax Return

2000 Form 40

CHECK ☐ Calendar Year January 1, 2000, through December 31, 2000ONE: ☐ Fiscal Year beginning _____, 2000 and ending _____, _____

L01

| | | | | | |
|---|--|--|--|---|--|
| Is an extension attached? ➤ Yes <input type="checkbox"/> No <input type="checkbox"/> | | Please Use Mailing Label (If none, type or print) Name _____ Mailing address _____ City, State, Zip Code _____ Phone number _____ | | Federal employer identification no. _____ Is this a farming or ranching corporation? ➤ Yes <input type="checkbox"/> No <input type="checkbox"/> | |
| Date of incorporation _____ Final return ➤ Yes <input type="checkbox"/> No <input type="checkbox"/> | | | | Business code (from federal return) _____ | |

Computation of tax liability

| | | | | | | | |
|---|-----------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------|----|
| 1 Income from (See instructions on page 3 before checking appropriate box): | | | | | | Round off to dollars | |
| ➤ a. <input type="checkbox"/> | b. <input type="checkbox"/> | b1. <input type="checkbox"/> | b2. <input type="checkbox"/> | c. <input type="checkbox"/> | d. <input type="checkbox"/> | (LA) | 1 |
| Single | Combined | 100% North Dakota | Apportioning Corp | Water's Edge | Other | | |
| Corporate Entity | Report Method | Consolidated Return | Consolidated Return | Method | | (LB) | 2 |
| 2 Total additions (Enter amount from Schedule SA, line 7) | | | | | | (LC) | 3 |
| 3 Total subtractions (Enter amount from Schedule SA, line 17) | | | | | | | 4 |
| 4 North Dakota apportionable income (Subtract line 3 from the sum of lines 1 and 2 - See instr. on page 4) | | | | | | (LE) | 5 |
| 5 Apportionment Factor (See instructions on page 4) | | | | | | | 6 |
| 6 Income apportioned to North Dakota (line 4 multiplied by line 5) | | | | | | (LF) | 7 |
| 7 Income allocated to North Dakota _____ less related expenses _____ | | | | | | (LG) | 8 |
| 8 North Dakota income (Add lines 6 and 7) | | | | | | (AJ) | 9 |
| 9 Federal tax deduction (See instructions on page 4) | | | | | | (CL) | 10 |
| 10 Exemption for new and expanding business (See instructions on page 4) | | | | | | (RE) | 11 |
| 11 Renaissance zone income exemption(s) (See instructions on page 4) | | | | | | | 12 |
| 12 ND income after federal tax deduction and income exemptions (Subtract lns. 9, 10 and 11 from ln. 8) | | | | | | | 13 |
| If the amount on line 12 is a loss, to forego the carryback period, check the box in Question 10, page 2 | | | | | | (LH) | 14 |
| 13 North Dakota loss carryforward (Attach worksheet - See instructions on page 4) | | | | | | (AN) | 15 |
| 14 Balance (Subtract line 13 from line 12) | | | | | | (LI) | 16 |
| 15 Recapture of federal alternative minimum tax (See instructions on page 4) | | | | | | (LJ) | 17 |
| 16 North Dakota taxable income (Subtract line 15 from line 14) | | | | | | | |
| 17 Income tax due (See rates below) (Corp. filing a consol. return, enter amt. from Sch. CR, part I, ln. 17a) | | | | | | | |

Tax credits

| | | |
|---|------|----|
| 18 Tax credits (Enter amount from Schedule TC, line 11) | (AZ) | 18 |
|---|------|----|

Balance due or overpayment

| | | |
|---|------|-----|
| 19 Net income tax liability (Subtract line 18 from line 17) | | 19 |
| 20 2000 Estimated income tax payments and payment with extension (See instructions on page 4) | (LN) | 20 |
| 21 If line 19 is greater than line 20, enter difference as BALANCE DUE (Enter \$0 if less than \$5) | (LR) | 21 |
| a. Interest and penalty for Balance Due on line 21 (See instructions on page 4) | (LQ) | 21a |
| b. Total Payment Due (Add lines 21 and 21a - Pay to North Dakota State Tax Commissioner) | | 21b |
| If payment is to be made by Electronic Funds Transfer, check this box <input type="checkbox"/> and enter date of payment _____. | | |
| 22 If line 20 is greater than line 19, enter difference as OVERPAYMENT (Enter \$0 if less than \$5) | (LV) | 22 |
| a. Amt. of line 22 to be credited to 2001 est. tax (Min. \$5) (Apply to quarter 1st 2nd 3rd 4th) | (AI) | 22a |
| b. Amount of line 22 to be Refunded (Subtract line 22a from line 22. No refund under \$5) | | 22b |

I declare under the penalties of North Dakota Century Code § 12.1-11-02, which provides for a Class A misdemeanor for making a false statement in a governmental matter, that this return, including any accompanying schedules and statements, has been examined by me and to the best of my knowledge and belief is a true, correct, and complete return.

Date: _____ Signature of Officer: _____ Title: _____

Date: _____ Signature of Preparer: _____ Address: _____

Mail to: Office of State Tax Commissioner, 600 E. Boulevard Avenue, Bismarck, North Dakota 58505-0599.

Tax Rate Table

| | |
|--|--|
| If the amount on Line 16 is not over \$3,000 | 3% |
| \$ 3,000 to \$ 8,000 | \$ 90.00 plus 4.50% of excess over \$ 3,000 |
| \$ 8,000 to \$20,000 | \$ 315.00 plus 6.00% of excess over \$ 8,000 |
| \$20,000 to \$30,000 | \$1,035.00 plus 7.50% of excess over \$20,000 |
| \$30,000 to \$50,000 | \$1,785.00 plus 9.00% of excess over \$30,000 |
| Over \$50,000 | \$3,585.00 plus 10.50% of excess over \$50,000 |

"Buy North Dakota Products"

PLEASE DO NOT WRITE IN THIS SPACE

Name as shown on return

Federal employer I.D.

Schedule FACT: Apportionment factor for nonfinancial corporations not filing a consolidated state return

(If filing a consolidated N. D. return, use Schedule CR, part II. Do not use this schedule.)

| | 1. Total | 2. North Dakota | 3. Factor |
|--|----------|-----------------|----------------|
| Property Factor: Average value at original cost of real and tangible personal property used in the business. (Exclude value of construction in progress) | | | |
| 1 Inventories | 1 | | |
| 2 Buildings and other fixed depreciable assets | 2 | | |
| 3 Depletable assets | 3 | | |
| 4 Land | 4 | | |
| 5 Other assets (Detail) | 5 | | |
| 6 Rented Property (Annual rental capitalized x 8) | 6 | | |
| 7 Total Property (Add lines 1 through 6) | 7 | (BA) | (BB) |
| Payroll Factor: | | | |
| 8 Wages, salaries, commissions and other compensation of employees which were included in the Federal Form 1120, or Federal Form 1120-A. (If the amount reported in Column (2) does not agree with the total compensation reported for North Dakota unemployment insurance purposes, attach an explanation) | 8 | (BC) | (BD) |
| Sales Factor: | | | |
| 9 Gross receipts or sales, less returns and allowances (Federal Form 1120 or Federal Form 1120-A, line 1c) | 9 | | |
| 10 Sales delivered or shipped to North Dakota destinations | | 10 | |
| 11 Sales shipped from North Dakota to: | | | |
| (a) The United States Government | | 11a | |
| (b) Purchasers in a state or foreign country where the taxpayer was not subject to a net income tax or a tax measured by net income or, if subject, did not actually pay such tax | | 11b | |
| 12 Total sales (Add lines 9 through 11) | 12 | (BE) | (BF) |
| 13 Sum of factors (Add lines 7, 8 and 12) | 13 | | |
| 14 Divide line 13 by the number of factors having an amount greater than zero in column 1, on lines 7, 8 and 12 | 14 | (BG) | |

The following questions must be answered

YES NO

- 1 Has the IRS issued a Final Determination which affects any previously filed North Dakota return? ➤ 1
- 2 If the answer to the above question is yes, have all such adjustments been reported to North Dakota? ➤ 2
- 3 Has Form 1120S been filed for federal purposes? If yes, file North Dakota Form 60, not a North Dakota Form 40. ... ➤ 3
- 4 Is this a tax exempt corporation? If yes, enter date that tax exempt status was granted by IRS. ____/____/____ ➤ 4
- 5 Has this corporation filed as a cooperative, a Foreign Sales Corporation, or a Domestic International Sales Corporation for federal purposes? ➤ 5
- 6 Does this corporation use the combined report method in any other states? If yes, attach a worksheet showing all states where the combined report method is used. ➤ 6
- 7 Does this corporation file its federal income tax return as a member of a consolidated group? If yes, please enter the Federal Employer I.D. No. under which the consolidated return is filed. ➤ (AM) ____ - ____ - ____ ➤ 7
- 8 Does the numerator of the apportionment factor include the property, payroll or sales of more than one corporation required to file in this state? If yes, Schedule CR must be completed and attached to the return. ➤ 8
- 9 Is this a limited liability company? ➤ 9
- 10 If this corporation has a loss on Form 40, line 12, and is electing to forego the carryback period, check the box.
Failure to check the box requires the loss to be carried back. ➤ 10 ☐
- 11 Is this a Renaissance Fund Corporation for purposes of N.D.C.C. ch. 40-63, Renaissance Zones? ➤ 11
- 12 Has this corporation changed names, been involved in a merger, reorganization or takeover during this taxable year? If so provide former name and details of change. _____
(former name)

Name as shown on return

Federal employer I.D.

Schedule SA: Statutory adjustments*(See tax booklet for instructions)***Additions**

- 1 Federal net operating loss deduction (Federal Form 1120, line 29a or Federal Form 1120-A, line 25a) (CA) 1 _____
- 2 Special deductions (Federal Form 1120, line 29b or Federal Form 1120-A, line 25b) (CB) 2 _____
- 3 All income taxes, franchise or privilege taxes measured by income, which were deducted to determine federal taxable income (See instructions on page 5) (CC) 3 _____
- 4 North Dakota depreciation adjustment (See instructions on page 5) (CE) 4 _____
- 5 Interest on state and local obligations (Excluding North Dakota obligations) (CF) 5 _____
- 6 Other additions (Attach worksheet - See instructions on page 5) (CG) 6 _____
- 7 Total additions (Add lines 1 through 6. Enter amount here and on page 1, line 2) 7 _____

Subtractions

- 8 Tax refunds received in 2000 (Attach worksheet - See instructions on page 5) (CH) 8 _____
- 9 Interest on United States obligations (CI) 9 _____
- 10 North Dakota depreciation adjustment (See instructions on page 5) (CJ) 10 _____
- 11 Allocable income (Attach worksheet - See instructions on page 5) (LS) 11 _____
- 12 Related expenses (Attach worksheet - See instructions on page 5) (LT) 12 _____
- 13 Balance (Subtract line 12 from line 11) (LD) 13 _____
- 14 Interest on bonds issued by a regional railway authority in North Dakota (CM) 14 _____
- 15 North Dakota domestic dividend exclusion (See instructions on page 5) (CN) 15 _____
- 16 Other subtractions (Attach worksheet - See instructions on page 5) (CO) 16 _____
- 17 Total subtractions (Add lines 8, 9, 10, 13, 14, 15, and 16. Enter amount here and on page 1, line 3) 17 _____

Schedule FTD: Federal income tax deduction*(Complete lines 1-8 of Form 40, page 1 before completing this schedule)**(See tax booklet for instructions)**(Corporations filing a consolidated North Dakota return, use Schedule CR, part III. Do not complete this schedule.)*

- 1 Federal income tax liability (See instructions on page 6) (EA) 1 _____
- 1a Federal alternative minimum tax liability (See instructions on page 6) (EG) 1a _____
- 1b Adjusted federal income tax liability (Subtract line 1a from line 1) 1b _____
- 2 Separate company(ies) federal income tax liability (Attach worksheet - See instructions on page 6) 2 _____
- 3 Profit companies federal income tax liability (Attach worksheet - See instructions on page 6 or 7) 3 _____
- 4 Ratio: (Divide line 2 by line 3. Not to exceed 1.000000) 4 - . - - - - -
- 5 Separate company(ies) share of federal income tax liability (Multiply line 1b by line 4) (EB) 5 _____
- 6 Federal taxable income (Attach worksheet - See instructions on page 6 or 7) 6 _____
- 7 Income not taxable to North Dakota (See instructions on page 6 or 7) 7 _____
- 8 Balance (Subtract line 7 from line 6) 8 _____
- 9 Ratio: (Divide line 8 by line 6. Not to exceed 1.000000) 9 - . - - - - -
- 10 Federal tax on federal taxable income reportable to North Dakota: (Multiply line 5 by line 9) (CK) 10 _____

Corporations using the combined report method and claiming a federal foreign tax credit**skip line 11 and use lines 12 - 16. Other corporations must use line 11.**

- 11 North Dakota apportionment factor (Enter amount from page 1, line 5 and go to line 17 - See instructions on page 6 or 7) 11 - . - - - - -
- 12 North Dakota income (Enter amount from page 1, line 8) 12 _____
(If zero or less, skip lines 13 through 16).
- 13 Total income (See instructions on page 7) 13 _____
(If zero or less, skip lines 14 through 16).
- 14 Income relating to Foreign Tax Credit (See instructions on page 7) 14 _____
(If zero, skip lines 15 and 16).
- 15 Income relating to federal income tax paid (Subtract line 14 from line 13) 15 _____
(If zero or less, skip line 16).
- 16 Federal income tax ratio (Divide line 12 by line 15 and go to line 17. Not to exceed 1.000000) (EC) 16 - . - - - - -
- 17 Federal tax deduction (Multiply line 10 by either line 11 or line 16. Enter amount here and on page 1, line 9) (ED) 17 _____

**Complete line
11 - or line 16
- but not both**

Name as shown on return

Federal employer I.D.

Schedule AMT-R: Recapture and carryforward of federal alternative minimum tax

(See tax booklet for instructions)

(Corporations filing a consolidated North Dakota return, use Schedule CR, part IV. Do not complete this schedule.)

| | | | |
|---|---|---|---------------|
| 1 | 2000 Federal alternative minimum tax (Enter amount from Form 40, Schedule FTD, line 1a) | 1 | _____ |
| 2 | Ratio from Form 40, Schedule FTD, line 4, if no ratio on line 4, enter 1.000000 | 2 | — . — — — — — |
| 3 | Multiply line 1 by line 2 | 3 | _____ |
| 4 | Ratio from Form 40, Schedule FTD, line 9 | 4 | — . — — — — — |
| 5 | Multiply line 3 by line 4 | 5 | _____ |
| 6 | Ratio from Form 40, Schedule FTD, line 11, or Form 40, Schedule FTD, line 16, whichever is applicable | 6 | — . — — — — — |
| 7 | Multiply line 5 by line 6 | 7 | _____ |
| 8 | Carryforward of federal AMT disallowed (Enter amount from 1999 Form 40, Schedule AMT-R, line 12) | 8 | _____ |
| 9 | Total federal AMT disallowed (Add lines 7 and 8) | 9 | _____ |

Corporations claiming a federal credit for prior year minimum tax on the 2000 federal return complete lines 10-12.
Other corporations enter the amount from line 9 on line 12.

| | | | |
|----|---|---------|-------|
| 10 | Enter the amount from the 2000 Form 40, page 1, line 14 | 10 | _____ |
| 11 | If line 10 is zero or less enter zero here and on the 2000 Form 40, page 1, line 15, otherwise, enter the smaller of line 9 or line 10 here and on the 2000 Form 40, page 1, line 15 | 11 | _____ |
| 12 | Available carryforward of federal AMT disallowed (Subtract line 11 from line 9 if completing lines 10 and 11) | (RA) 12 | _____ |

Schedule TC: Tax credits

(See tax booklet for instructions - attach complete documentation)

| | | | |
|----|--|---------|-------|
| 1 | Credit for contributions to nonprofit private colleges (See instructions on page 7) | (LK) 1 | _____ |
| 2 | Credit for contributions to nonprofit private high schools (See instructions on page 7) | (LL) 2 | _____ |
| 3 | Venture capital corporation credit (See instructions on page 8) | (LU) 3 | _____ |
| 4 | North Dakota Small Business Investment Company (See instructions on page 8) | (LW) 4 | _____ |
| 5 | Geothermal, solar or wind energy device tax credit (Attach worksheet - See instructions on page 8) | (LM) 5 | _____ |
| 6 | Credit for employment of the developmentally disabled or chronically mentally ill (See instructions on page 8) | (LX) 6 | _____ |
| 7 | Credit for research and experimental expenditures within North Dakota (See instructions on page 8) | (LY) 7 | _____ |
| 8 | Tax credit for new industry (Attach worksheet - See instructions on page 8) | (AK) 8 | _____ |
| 9 | Credit for payment to a certified nonprofit development corporation (See instructions on page 8) | (AG) 9 | _____ |
| 10 | Renaissance zone tax credit(s) (Enter amount from Schedule RZ, part 6, line 7) | (RC) 10 | _____ |
| 11 | Total tax credits (Add lines 1 through 10. Enter amount here and on page 1, line 18) | 11 | _____ |

Schedule FACT-1: Apportionment factor for financial organizations

(Financial Institutions as defined in North Dakota Century Code ch. 57-35.3 must not use Form 40, or this schedule.)

(Financial Institutions must file North Dakota Form 35.)

1. Total

2. North Dakota

3. Factor

(Column 2 divided by Column 1 = Column 3)

Property Factor: (Average value at original cost)

| | | | | | |
|------------------|--|---|-------|--------------------|----------------------------|
| 1 | Tangible property held and owned for business use | 1 | _____ | (AA) _____ | (AB) — . — — — — — |
| Business Factor: | | | | | |
| 2 | Wages and salaries paid for services performed | 2 | _____ | _____ | (Use 6-digit decimal only) |
| 3 | Receipts from sales and other business sources as defined in N.D.C.C. § 57-38-13(6) | 3 | _____ | _____ | |
| 4 | Total (Add lines 2 and 3) | 4 | _____ | (AC) _____ | |
| 5 | Sum of North Dakota property and business factors (Add lines 1 and 4) | 5 | _____ | _____ | _____ |
| 6 | One-Half Of Line 5 (Enter factor here and on page 1, line 5) | 6 | _____ | (AE) — . — — — — — | _____ |

Name as shown on return

Federal employer I.D.

Schedule WW: Combined report method income schedule

See specific line instruction for lines 1, 5, 6, 8, and 9.

| | | | |
|----|---|---------|-------|
| 1 | Federal taxable income (consolidated Federal Form 1120, line 30) | (LA) 1 | _____ |
| 2 | Taxable income or loss included on line 1 from nonunitary corporations (Attach worksheet) | (WN) 2 | _____ |
| 3 | Balance (Subtract line 2 from line 1) | 3 | _____ |
| 4 | Taxable income or loss not included on line 1 from unitary corporations required to file a federal income tax return (Attach worksheet) | (WU) 4 | _____ |
| 5 | Book income before income taxes of unitary foreign corporations (Attach worksheet) | 5 | _____ |
| 6 | Optional: Book to tax reconciliation (Attach worksheet) | 6 | _____ |
| 7 | Subtotal (Add lines 5 and 6) | (WF) 7 | _____ |
| 8 | Income or loss from Interest Charge DISC (Attach worksheet) | 8 | _____ |
| 9 | Income or loss from Foreign Sales Corporations (Attach worksheet) | 9 | _____ |
| 10 | Subtotal (Add lines 8 and 9) | 10 | _____ |
| 11 | Income or loss from Internal Revenue Code of 1986, as amended, Section 936 Possession Corporations | 11 | _____ |
| 12 | Intercompany eliminations for members of the unitary group (Attach worksheet) | 12 | _____ |
| 13 | Total income (Add lines 3, 4, 7, 10 and 11 then subtract line 12. Enter amount here and on Form 40, page 1, line 1, and check the appropriate box on Form 40, page 1, line 1) | (WW) 13 | _____ |

Combined report method instructions

An apportioning corporation, see **method of corporation taxation** on page 2 of General Instructions, which is a member of a unitary group but has not elected the water's edge method is required to file its North Dakota income tax return using the combined report method.

A "unitary group" is a group of affiliated corporations engaged in a unitary business, irrespective of the country or countries in

which the corporations conduct business activity.

An "affiliated corporation" means a parent corporation and any corporation of which more than fifty percent of the voting stock is owned directly or indirectly by the parent corporation or another member of the unitary group.

Two or more 100% North Dakota corporations affiliated as parent and

subsidiary, and filing a consolidated federal tax return must file one consolidated North Dakota return using the "combined report method."

A corporation filing its North Dakota income tax return using the combined report method must include only the apportionment factors and statutory adjustments of the group.

Corporations completing Schedule CR must also complete Schedule WW to arrive at "total income."

Schedule WW specific line instructions

Line 1. Enter the amount from line 30 of the consolidated Federal Form 1120. If more than one consolidated federal return is filed, enter the total of lines 30 of the consolidated Federal Form 1120's. If a consolidated federal return is not filed, enter zero on lines 1 and 2 then proceed to line 4.

Line 5. Enter the amount of book income before income taxes of all unitary foreign

corporations not eligible to be included in the consolidated federal income tax return or not required to file a federal income tax return.

Line 6. N.D. Admin. Code ch. 81-03-05.3 provides a choice either to adjust or not adjust the book income of all unitary foreign corporations to conform with the Internal Revenue Code of 1986, as amended. If a corporation chooses to make the book to tax adjustments, the adjustments must be

made for all unitary foreign corporations and the total of such adjustments must be entered on line 6. If a corporation chooses not to make the book to tax adjustments, enter \$0 on line 6.

Lines 8 and 9. Enter all exempt and nonexempt income before income taxes from the Federal Form 1120-IC-DISC or Federal Form 1120-FSC.

Name as shown on return

Federal employer I.D.

Schedule WE: Water's edge method income schedule

| | | | |
|----|---|---------|-------|
| 1 | Federal taxable income (consolidated Federal Form 1120, line 30) | (LA) 1 | _____ |
| 2 | Income or loss not included in line 1 from affiliated corporations required to file a federal income tax return | 2 | _____ |
| 3 | Reversal of intercompany eliminations between water's edge corporations and non-water's edge corporations (Attach worksheet - See instructions) | 3 | _____ |
| 4 | Intercompany eliminations for water's edge group corporations | 4 | _____ |
| 5 | Total foreign dividends included in line 1 | 5 | _____ |
| 6 | Taxable income or loss included in line 1 or 2 from 80/20 corps. | 6 | _____ |
| 7 | Balance (Add lines 1, 2 and 3 then subtract lines 4, 5 and 6) | 7 | _____ |
| 8 | Foreign dividends to be included in water's edge income (Multiply line 5 by 30%) (See general definitions and enter amount on line 8) | 8 | _____ |
| 9 | Total net book income of 80/20 corporations (Attach worksheet) | 9 | _____ |
| 10 | Net book income of 80/20 corporations to be included in water's edge income (Multiply line 9 by 30%) | 10 | _____ |
| 11 | Total water's edge income (Add lines 7, 8 and 10. Enter amount here and on page 1, line 1, and check the box entitled "Water's Edge Method.") | (WE) 11 | _____ |

Worksheets containing details of lines 2, 3, 4 and 5 are required

Water's edge method election instructions

A corporation required to file its North Dakota return using the worldwide unitary combined report method must do so unless it elects to apportion its income using the water's edge method.

A corporation elects and maintains the water's edge method election by checking the box entitled "Water's Edge Method" on page 1, line 1, and completing Schedule WE.

A corporation electing the water's edge method must comply with all of the following:

- The election must be made on the return as originally and timely filed;

- The corporation may not reduce taxable income for federal taxes deducted under N.D.C.C. § 57-38-01.3(1)(c);
- The water's edge election is binding for five consecutive taxable years upon making the election; and
- The corporation must file with the Tax Commissioner a domestic disclosure spreadsheet the first year the property, payroll, or sales in foreign countries exceed ten million dollars and total assets exceed two hundred fifty million dollars, and every third year thereafter provided the property, payroll, or sales in foreign countries exceed ten million dollars and total assets exceed two hundred fifty million dollars. The

domestic disclosure spreadsheet must be filed by a corporation with its North Dakota income tax return. However, if the information is not available when the return is filed, a corporation may file the spreadsheet within six months after the due date of the return, including any extensions. The form for complying with the spreadsheet requirement must be obtained from the Office of State Tax Commissioner.

A corporation electing the water's edge method must include only the apportionment factors and statutory adjustments of the water's edge group.

Schedule WE general definitions

"Water's edge group" includes affiliated corporations incorporated in the U.S., excluding 80/20 corporations, affiliated corporations incorporated in a possession of the U.S., DISCs, FSCs, export trade corporations and foreign affiliated corporations which meet a defined minimum of U.S. activity.

"Affiliated corporation" means a parent corporation and any corporation of which more than fifty percent of the voting stock is owned directly or indirectly by the parent corporation or another member of the water's edge group.

"Reversal of intercompany eliminations between water's edge corporations and 80/20 corporations" means the reversal of eliminations made between water's edge corporations and 80/20 corporations that are included in the federal consolidated return. Dividends, interest, royalties, capital gains and losses, intercompany profit on sales, etc.

between water's edge corporations and 80/20 corporations that have been eliminated in preparing the consolidated federal return must be reversed.

"Intercompany eliminations for water's edge group corporations" are eliminations of intercompany transactions between companies included in line 1 and companies included in line 2.

"80/20 corporation" is a corporation that is incorporated in the U.S., is eligible to be included in the federal consolidated return as defined in N.D.C.C. § 57-38.4-01(5) and has eighty percent of its average property and payroll assigned to locations in foreign countries.

"Foreign dividends" means any dividend received by a member of the water's edge group from any affiliated corporation incorporated outside the fifty states and District of Columbia, including amounts

included in income computed under sections 951 through 954 of the Internal Revenue Code of 1986, as amended.

"Net book income of an 80/20 corporation" means net book income for financial statement purposes. However, a corporation's net book income cannot be offset by a net book loss from another 80/20 corporation.

"Rescission of a water's edge election". A corporation's water's edge election is rescinded if:

- It has had more than 50% of its voting stock acquired by a nonaffiliated corporation;
- It was formed as the result of a reorganization or spinoff and is no longer a member of the water's edge group; or
- It is completely liquidated. The water's edge election of any corporation receiving liquidated assets is not affected.

Name as shown on return

Federal employer I.D.

Schedule CR, Part I: Computation of tax due for corporations filing a North Dakota consolidated return using the combined report method

| | Corporation | Name of corporation | Federal Employer I.D. |
|---|-------------|---------------------|-----------------------|
| Corporations having activity within North Dakota | A | ➤ | ➤ |
| | B | ➤ | ➤ |
| | C | ➤ | ➤ |

Before starting part I of this schedule, complete lines 1-4 on Form 40, page 1

| | Corporation A | Corporation B | Corporation C |
|--|-----------------|---------------|---------------|
| 4 North Dakota apportionable income (Enter amount in Columns A, B & C from Form 40, page 1, line 4) | 4 _____ | _____ | _____ |
| 5 Apportionment factor (Enter factor from part II, line 14) | 5 _____ | _____ | _____ |
| 6 Income apportioned to North Dakota (line 4 multiplied by line 5) | 6 _____ | _____ | _____ |
| 7 Income allocated to North Dakota \$ _____ less related expenses \$ _____ | 7 _____ | _____ | _____ |
| 8 North Dakota income (Add lines 6 and 7) | 8 _____ | _____ | _____ |
| 9 Federal tax deduction (Enter amount from part III, line 17) | 9 _____ | _____ | _____ |
| 10 Exemption for new and expanding business (Attach worksheet - See instructions on page 4) | 10 _____ | _____ | _____ |
| 11 Renaissance zone income exemption(s) (See instructions on page 4) | 11 _____ | _____ | _____ |
| 12 North Dakota income after federal tax deduction and income exemptions (Subtract lines 9, 10 and 11 from line 8) | 12 _____ | _____ | _____ |
| If the amounts on line 12 are losses, to forego the carryback period, check the box in Question 10, on Form 40, page 2 | | | |
| 13 North Dakota loss carryforward (Attach worksheet - See instructions on page 4) | 13 _____ | _____ | _____ |
| 14 Balance (Subtract line 13 from line 12) | 14 _____ | _____ | _____ |
| 15 Recapture of federal alternative minimum tax (Enter amount from part IV, line 11) | 15 _____ | _____ | _____ |
| 16 North Dakota taxable income (Subtract line 15 from line 14) | 16 _____ | _____ | _____ |
| 17 Income Tax Due (See tax rate table on Form 40, page 1) | 17 _____ | _____ | _____ |
| 17a Total income tax due (Add amounts on line 17, Columns A, B & C, and enter the total amount here and on Form 40, page 1, line 17 and complete lines 18 through 22, on Form 40) | | | |

(GA) 17a _____

Instructions for consolidated return using the combined report method

All corporations filing a consolidated North Dakota return, (i.e., those corporations checking either box b1 or box b2 on Form 40, page 1, line 1) must complete the four parts of Schedule CR and attach the completed schedule to Form 40 when filed.

On the top of this page, space has been provided for three corporations (corporations A, B & C) having activity within North Dakota. If space is needed for additional corporations having activity within North Dakota, additional copies of Schedule CR

can be obtained by photocopying all four parts of this original schedule or by requesting additional copies from the Office of State Tax Commissioner.

Complete Form 40, page 1, lines 1-4 before starting to complete Schedule CR, part I.

Schedule CR has been designed so the instructions for Form 40 in the booklet also apply to the line numbers on Schedule CR. For example, the instructions for Form 40, page 1, lines 4-17 also apply to Schedule CR, part I, lines 4-17.

After completing Schedule CR, part I, certain totals must be entered on Form 40. For each line 7, 9, 10, 11, 13 and 15, total the amounts for all corporations included on Schedule CR, part I. Enter the total from lines 7 onto line 7 of Form 40, page 1; enter the total from lines 9 onto line 9 of Form 40, page 1; enter the totals from lines 10 onto line 10 of Form 40, page 1; enter the total from lines 11 onto line 11 of Form 40, page 1; enter the total from lines 13 onto line 13 of Form 40, page 1; and enter the total from lines 15 onto line 15 of Form 40, page 1.

Name as shown on return

Federal employer I.D.

Schedule CR, Part II: Computation of factor for corporations filing a North Dakota consolidated return using the combined report method

(Property Factor: Average value at original cost of real and tangible personal property used in the business)
(Exclude value of construction in progress)

| Average Property: | Everywhere Average Property of All Corporations Being Combined | Corporation A | North Dakota Average Property Corporation B | Corporation C |
|--|---|---------------|---|---------------|
| 1 Inventories | 1 | | | |
| 2 Buildings and other depreciable assets | 2 | | | |
| 3 Depletable assets | 3 | | | |
| 4 Land | 4 | | | |
| 5 Other assets | 5 | | | |
| 6 Rented property (annual rental capitalized x 8) | 6 | | | |
| 7 Total average property (Add lines 1 through 6) | 7 | | | |
| 7a Property factor (Divide N.D. Total Average Property by Total Everywhere Average Property) | 7a | — · — — — — | — · — — — — | — · — — — — |
| 7b Total property factor (Add amounts on line 7a, columns A, B & C) | | | (BB) 7b | — · — — — — |

Payroll Factor: Wages, salaries, commissions and other compensation

| | Everywhere Payroll All Corporations Being Combined | Corporation A | North Dakota Payroll Corporation B | Corporation C |
|--|--|---------------|---------------------------------------|---------------|
| 8 Payroll | 8 | | | |
| 8a Payroll factor (Divide N.D. Payroll by Everywhere Payroll) | 8a | — · — — — — | — · — — — — | — · — — — — |
| 8b Total payroll factor (Add amounts on line 8a, columns A, B & C) | | | (BD) 8b | — · — — — — |

Sales Factor:

| | Everywhere Sales All Corporations Being Combined | Corporation A | North Dakota Sales Corporation B | Corporation C |
|--|--|---------------|-------------------------------------|---------------|
| 9 Everywhere sales | 9 | | | |
| 10 Sales delivered or shipped to North Dakota destinations | 10 | | | |
| 11 Sales shipped from North Dakota to: | | | | |
| (a) The United States Government | 11a | | | |
| (b) Purchasers in a state or foreign country where the taxpayer was not subject to a net income tax or a tax measured by net income, or if subject, did not actually pay such tax | 11b | | | |
| (c) Total North Dakota Sales (Add lines 10, 11a and 11b) | 11c | | | |
| 12 Sales Factor (Divide Total N.D. Sales by Everywhere Sales) | 12 | — · — — — — | — · — — — — | — · — — — — |
| 12a Sales Factor (Add amounts on line 12, columns A, B & C) | | | (BF) 12a | — · — — — — |
| 13 Sum of the factors (Add lines 7a, 8a and 12) | 13 | — · — — — — | — · — — — — | — · — — — — |
| 14 Apportionment Factor (Divide line 13 by the number of factors having an amount greater than zero in the everywhere column, on lines 7, 8 and 9) (Enter factor here and on part I, line 5, and part III, line 11, if applicable) | 14 | — · — — — — | — · — — — — | — · — — — — |
| 14a Total Factor (Add amounts on lines 7b, 8b and 12a. Divide the sum by three, and enter the total amount here and on Form 40, page 1, line 5) | | | (BG) 14a | — · — — — — |

Name as shown on return

Federal employer I.D.

Schedule CR, Part III: Computation of federal income tax deduction for corporations filing a North Dakota consolidated return using the combined report method

- 1 Federal income tax liability (See instructions on page 6)..... (EA) 1 _____
- 1a Federal alternative minimum tax liability (See instructions on page 6)..... (EG) 1a _____
- 1b Adjusted federal income tax liability (Subtract line 1a from line 1) 1b _____
- 2 Separate company(ies) federal income tax liability (Attach worksheet - See instructions on page 6)..... 2 _____
- 3 Profit companies federal income tax liability (Attach worksheet - See instructions on page 6 or 7) 3 _____
- 4 Ratio: (Divide line 2 by line 3. Not to exceed 1.000000) 4 - . - - - - -
- 5 Separate company(ies) share of federal income tax liability (Multiply line 1b by line 4)..... (EB) 5 _____
- 6 Federal taxable income (See instructions on page 6 or 7) 6 _____
- 7 Income not taxable to North Dakota (See instructions on page 6 or 7) 7 _____
- 8 Balance (Subtract line 7 from line 6) 8 _____
- 9 Ratio: (Divide line 8 by line 6. Not to exceed 1.000000) 9 - . - - - - -
- 10 Federal tax on federal taxable income reportable to North Dakota (Multiply line 5 by line 9) (Enter here and in Columns A, B & C) (CK) 10 _____

Additional information regarding the filing of a consolidated North Dakota return using the combined report method is contained in North Dakota Century Code § 57-38-14(11) and North Dakota Administrative Code §§ 81-03-05.1-08, 81-03-05.2 and 81-03-05.3

Corporation A Corporation B Corporation C

Corporations using the combined report method and claiming a federal foreign tax credit, skip line 11 and use lines 12-16. Other corporations must use line 11.

Complete line 11 or line 16, but not both

- | | | | | |
|--|----------|---------------|---------------|---------------|
| 11 North Dakota apportionment factor (Enter factor from part II, line 14) | 11 | - . - - - - - | - . - - - - - | - . - - - - - |
| 12 North Dakota income (Enter amount from part I, line 8) (If zero or less, skip lines 13 through 16) | 12 | _____ | _____ | _____ |
| 13 Total income (See instructions on page 7) (If zero or less, skip lines 14 through 16) | 13 | _____ | _____ | _____ |
| 14 Income relating to foreign tax credit (See instructions on page 7) (If zero, skip lines 15 and 16) | 14 | _____ | _____ | _____ |
| 15 Income relating to federal income tax paid (Subtract line 14 from line 13) (If zero or less, skip line 16) | 15 | _____ | _____ | _____ |
| 16 Federal income tax ratio (Divide line 12 by line 15 and go to line 17. Not to exceed 1.000000) | 16 | - . - - - - - | - . - - - - - | - . - - - - - |
| 16a Total federal income tax ratio (Add amounts on line 16, columns A, B & C) | (EC) 16a | - . - - - - - | | |
| 17 Federal income tax deduction (Multiply line 10 by either line 11 or line 16) | 17 | _____ | _____ | _____ |
| 17a Total federal income tax deduction (Add amounts on line 17, columns A, B & C and enter the total amount here and on Form 40, page 1, line 9) | (ED) 17a | _____ | | |

Instructions For Schedule CR, Part III

Schedule CR, part III has been designed so the instructions for Form 40, Schedule FTD

under "Combined Report Method" in the booklet also apply to the line numbers on Schedule CR, part III.

After completing Schedule CR, part III, the total from line 17a must be entered on Form 40, page 1, line 9.

Name as shown on return

Federal employer I.D.

Schedule CR, Part IV: Computation of recapture and carryforward of federal AMT disallowed for corporations filing a North Dakota consolidated return using the combined report method

| | | | | |
|--|----------|---------------|----------------------|----------------------|
| 1 2000 Federal alternative minimum tax (AMT) <i>(Enter amount from Schedule CR, part III, line 1a)</i> | 1 | | | |
| 2 Ratio from Schedule CR, part III, line 4, if no ratio on line 4, enter 1.000000 | 2 | - . - - - - - | | |
| 3 Multiply line 1 by line 2 | 3 | | | |
| 4 Ratio from Schedule CR, part III, line 9 | 4 | - . - - - - - | Corporation A | Corporation B |
| 5 Multiply line 3 by line 4 | 5 | | | Corporation C |
| 6 N.D. apportionment factor <i>(Enter factor from Sch. CR, part III, line 11 or line 16)</i> | 6 | - . - - - - - | | |
| 7 Subtotal <i>(Multiply line 5 by line 6)</i> | 7 | | | |
| 8 Carryforward of previously disallowed federal AMT <i>(Attach worksheet)</i> | 8 | | | |
| 9 Total federal AMT disallowed <i>(Add lines 7 and 8)</i> | 9 | | | |

Corporations claiming a federal consolidated credit for prior year minimum tax on the 2000 federal return, complete lines 10-12. Other corporations enter the amount from line 9 on line 12.

| | | | | |
|--|-----------------|--|--|--|
| 10 Balance <i>(Enter amount from Schedule CR, part I, line 14)</i> | 10 | | | |
| 11 Subtotal <i>(If the amount on line 10 is zero or less, enter zero here and on part I, line 15) (If the amount on line 10 is greater than zero, enter the smaller of line 9 or 10 here and on part I, line 15)</i> | 11 | | | |
| 11a Total recapture of federal AMT disallowed <i>(Add amounts on line 11, column A, B & C and enter the total amount here and on Form 40, page 1, line 15)</i> | 11a | | | |
| 12 Available carryforward of federal AMT disallowed <i>(Subtract line 11 from line 9 if completing lines 10 and 11)</i> | 12 | | | |
| 12a Total available carryforward of federal AMT disallowed <i>(Add amounts on line 12, columns A, B & C)</i> | (RA) 12a | | | |

Instructions for Schedule CR, part IV

Schedule CR, Part IV has been designed so the instructions for Form 40,

Schedule AMT-R in the booklet also apply to this part of Schedule CR.

After completing Schedule CR, Part IV the total from line 11a must be entered on Form 40, page 1, line 15.

2000 North Dakota Form 40-ES

North Dakota estimated income tax for corporations for the 2001 taxable year

General instructions

Who must pay estimated tax

Estimated income tax must be paid if a corporation's net income tax liability can reasonably be expected to exceed five thousand dollars (\$5,000) for the taxable year **and** the previous year's income tax liability exceeded five thousand dollars (\$5,000).

"Net tax liability" is defined as North Dakota income tax due, as shown on the return, computed after the application of allowable credits and before the application of estimated income tax payments.

Where to file

Estimated income tax payments should be mailed to the Office of State Tax Commissioner, State Capitol, 600 E. Boulevard Ave., Bismarck, ND 58505-0599.

Which form to use

If payment for estimated income tax is to be made by check or money order, the Form 40-ES voucher must be used to ensure that proper credit for the payment is applied to the correct account.

If payment is to be made by electronic funds transfer, do not use the Form 40-ES voucher.

Time for filing

The first estimated income tax payment is due no later than April 15 following the close of the calendar year.

Corporations reporting on a fiscal year basis must pay the first estimated tax installment no later than the 15th day of the fourth month following the close of their fiscal year.

No less than one-fourth of the estimated income tax must be paid with the first installment, and with each of the three remaining installments on the 15th day of the sixth and ninth months of the

taxable year, and the first month of the following year.

Extension of time to pay estimated tax cannot be granted.

How to pay

Do not commingle estimated income tax payments with any other payment to the North Dakota Office of State Tax Commissioner.

If payment for estimated income tax is to be made by check or money order, make it payable to North Dakota State Tax Commissioner.

If payment for estimated income tax is to be made by electronic funds transfer, use the correct TXP addenda layout. The correct TXP addenda layout can be found on the department's web site at www.state.nd.us/taxdpt, under Forms & Publications, Corporate Income Tax, Electronic Funds Transfer (EFT).

Amendments to estimated income tax

If it is found that the total estimated income tax is more or less than originally determined, amend the next installment.

Overpayment of estimated tax

An overpayment of estimated income tax from the prior taxable year may be credited to the current year's estimated payments. The amount of the 2000 overpayment will be applied to the first installment for 2001, unless the corporation elects another installment on Form 40, page 1, line 22a.

Application of estimated income tax payments

All payments submitted as 2001 estimated income tax and any overpayment credited from the 2000

taxable year must be reported on the 2001 North Dakota Corporation Income Tax Return Form 40.

Understatement of estimated income tax

Except for income computed using the federal annualization method or income qualifying as recurring seasonal income, interest charges will apply if the estimated income tax payment for any quarter (*including overpayment credits from prior quarters*) is less than 90% of the quarterly income tax liability or is less than the prior year's North Dakota income tax liability divided by four.

The Underpayment of Estimated North Dakota Income Tax by Corporations Form 40-UT must be attached to the North Dakota Corporation Income Tax Return, Form 40 when filing. The Form 40-UT is located within the Form 40 booklet.

Interest

The State Tax Commissioner will notify the taxpayer of any interest owed on any underpayment of estimated income tax. If desired, interest owed may be computed by the taxpayer on Form 40-UT and added to the 2001 corporation income tax liability on Form 40, Page 1. Interest is calculated at the rate of 12% per year from the installment due date to the earlier of the date the estimated tax is paid or the due date (without extension) of the return.

Exceptions

If the estimated tax paid on or before each due date is computed using the annualization method provided in the Internal Revenue Code of 1986, as amended, no interest is due. Also, no interest is due if the underpayment of any installment comes within the exception provided in the Internal Revenue Code of 1986, as amended, Section 6655(e) for income qualifying as recurring seasonal income.



North Dakota corporation estimated income tax payment voucher

Form 40-ES

☐ For calendar year January 1 through December 31, 2001

☐ For fiscal year beginning _____, 2001, and ending _____, _____

2001

Name as shown on North Dakota Corporation Income Tax Return

Federal employer identification number

Mailing address

City, State, Zip Code

Phone number

1st Installment

Due 15th day of fourth month of 2001 taxable year.

Do not use this voucher if payment is made by electronic funds transfer - See General Instructions on Form 40-ES

Amount of payment Pay to: State Tax Commissioner

➤ \$

Mail to:
Office of State Tax Commissioner
600 E. Blvd. Ave.
Bismarck, ND 58505-0599

Please
Do Not
Write
In This
Space

"Buy North Dakota Products"

2000 North Dakota Form 40-UT

Name as shown on return

Federal employer I.D.

Underpayment of estimated North Dakota income tax by corporations

For the tax year beginning _____, _____ and ending _____, _____.

If a corporation's estimated income tax payment for any quarter (*including overpayment credits from prior quarters*) is less than 90% of the quarterly income tax liability or is less than the prior year's North Dakota income tax liability divided by four, it will be required to complete Form 40-UT and attach it to the North Dakota Corporation Income Tax Form 40 when filing.

- 1 Net income tax liability - From 2000 Form 40, (*If \$5,000 or less, do not complete form*)
2 90% of line 1
3 Prior year's net income tax liability - From 1999 Form 40, line 22 (*If \$5,000 or less, do not complete form*)

Enter in columns A through D the installment dates that correspond to the 15th day of the 4th, 6th and 9th months of the taxable year, and the first month of the following year

A

B

C

D

- 4 Enter 25% of line 2 or line 3, whichever is less, in column A through D
5 (a) 1999 overpayment credited to 2000 tax
(b) Amount paid for each quarter

Remaining lines for Column A must be completed before proceeding to Column B, C and D.

- (c) Overpayments. See line 7(b)
6 Add lines 5(a), 5(b), and 5(c)
7 (a) Underpayment. (*line 4 less line 6*) If underpayment computed, see line 11 below.
(b) Overpayment. (*line 6 less line 4*) Enter here and on line 5(c) above, in the following quarter
8 Interest (*See Form 40-ES instruction*)
9 Total Interest (*Add line 8, columns A-D. Enter on 2000 Form 40, on line 21a*)
10 ☐ Check this box if the computed underpayment results from recurring seasonal income, as defined under IRC Section 6655(e) of 1986, as amended.
11 ☐ Check this box if the computed underpayment results from using the federal annualization method.

If either Box 10 or 11 is checked, interest on the underpayment(s) should not be computed or paid. Attach a copy of Federal Form 2220 (*including the worksheet in the instructions to Federal Form 2220*).

North Dakota corporation estimated income tax payment voucher

Form 40-ES

☐ For calendar year January 1 through December 31, 2001☐ For fiscal year beginning _____, 2001, and ending _____, _____**2001**

Name as shown on North Dakota Corporation Income Tax Return

Federal employer identification number

Mailing address

City, State, Zip Code

Phone number

2nd InstallmentDue 15th day of sixth month of
2001 taxable year.**Do not use this voucher if payment is made
by electronic funds transfer - See General
Instructions on Form 40-ES****Amount of payment** Pay to: State Tax Commissioner

► \$

Mail to:
Office of State Tax Commissioner
600 E. Blvd. Ave.
Bismarck, ND 58505-0599

Please
Do Not
Write
In This
Space

"Buy North Dakota Products"

**North Dakota corporation estimated income tax payment voucher**

Form 40-ES

☐ For calendar year January 1 through December 31, 2001☐ For fiscal year beginning _____, 2001, and ending _____, _____**2001**

Name as shown on North Dakota Corporation Income Tax Return

Federal employer identification number

Mailing address

City, State, Zip Code

Phone number

3rd InstallmentDue 15th day of ninth month of
2001 taxable year.**Do not use this voucher if payment is made
by electronic funds transfer - See General
Instructions on Form 40-ES****Amount of payment** Pay to: State Tax Commissioner

► \$

Mail to:
Office of State Tax Commissioner
600 E. Blvd. Ave.
Bismarck, ND 58505-0599

Please
Do Not
Write
In This
Space

"Buy North Dakota Products"

**North Dakota corporation estimated income tax payment voucher**

Form 40-ES

☐ For calendar year January 1 through December 31, 2001☐ For fiscal year beginning _____, 2001, and ending _____, _____**2001**

Name as shown on North Dakota Corporation Income Tax Return

Federal employer identification number

Mailing address

City, State, Zip Code

Phone number

4th InstallmentDue 15th day of first month following
close of 2001 taxable year.**Do not use this voucher if payment is made
by electronic funds transfer - See General
Instructions on Form 40-ES****Amount of payment** Pay to: State Tax Commissioner

► \$

Mail to:
Office of State Tax Commissioner
600 E. Blvd. Ave.
Bismarck, ND 58505-0599

Please
Do Not
Write
In This
Space

"Buy North Dakota Products"